

Key Inputs to Synapse Economic Analysis of Proposed Sale

Item	Assumption	Source
1. NEIL Reimbursements	Insurance reimbursements of \$8 million (2001 present value)	Bruce Wiggett (Exhibit BW-11)
2. Schedule B generation	Lost generation related to limits in Schedule B of PPA	Synapse calculation based upon VY's monthly generation figures for 2000 to 2004.
3. Decommissioning funding	Nuclear decommissioning costs zero after 2002 in all cases	William Sherman
4. O&M costs reduced	Costs for annual O&M reduced by \$3 million and \$5 million in refueling and non-refueling years, respectively; also reduction to year 2012 O&M	David Schlissel and William Sherman
5. Nuclear security costs	Additional security costs \$1.1 million investment (in 2002) plus a recurring annual operating O&M cost of \$1.5 million	David Schlissel, based on VY response to data request
6. Spent fuel payment from DOE	Payment from DOE for spent nuclear fuel damages	William Sherman
7. Capacity uprate	Increase of 13% achieved in three stages	David Schlissel, based on VY and GE
8. Accounting adjustments	Recalculation of gain/loss on the sale; terminal equity; and calculation of continuing income and income taxes	David Effron
10. Delayed sale	Transaction date July 15, 2002	Consistent with docket schedule

Summary Results for Economic Analysis of Proposed Sale
(millions of 2001 present value dollars)

	Without license extension (Vermont Yankee retired in 2012)		With license extension (Vermont Yankee retired in 2032)	
	Benefits (Costs) of Sell Compared to Keep Cases	Change from Synapse Reference Case	Benefits (Costs) of Sell Compared to Keep Cases	Change from Synapse Reference Case
Synapse Reference Case	13	NA	-266	NA
High market price (10% higher)	2	-12	-363	-97
Low market price (10% lower)	37	+23	-157	109
High uprate (20% increase)	-22	-36	-361	-96
Low uprate (10% increase)	34	+20	-220	46
High O&M savings (roughly doubled)	-7	-20	-303	-37
Low O&M savings (VY projection)	38	+25	-220	45

Comparison of Synapse and Vermont Yankee Analyses
(millions of 2001 present value dollars)

	Without license extension (retire Vermont Yankee retired in 2012)		With license extension (Vermont Yankee retired in 2032)	
	Benefits (Costs) of Sell Compared to Keep Cases	Change	Benefits (Costs) of Sell Compared to Keep Cases	Change
Vermont Yankee's Analysis	258	NA	-27	NA
1. NEIL reimbursements	250	-8	-35	-8
2. Schedule B generation	250	-1	-36	-1
3. Decommissioning funding	138	-111	NA	NA
4. O&M costs reduction	94	-44	-81	-45
5. Nuclear security costs	106	+12	-61	+20
6. Spent fuel payment from DOE	80	-27	-88	-27
7. Capacity uprate (13%)	23	-56	-256	-168
8. Accounting adjustments	19	-5	-260	-5
9. Transaction date (July 15, 2002)	13	-5	-266	-5
Synapse Reference Case	13	NA	-266	NA

Notes to Exhibit DPS-BEB-4:

- (1) Each change is added one at a time to all of the previous changes. Note that in some cases there are interactions such that results for a particular change will vary somewhat depending upon the order in which the changes are made.
- (2) Sources: The starting value of \$258 million is from Exhibit BW-11 to Bruce Wiggett's September 27, 2001 prefiled testimony. In that Exhibit Mr. Wiggett makes the adjustment for NEIL reimbursements of \$8 million.
- (3) Vermont Yankee did not provide an analysis with license extension and no capacity uprate. Our starting point here for the Vermont Yankee perspective on license extension (\$27 million cumulative present value cost to the sell case compared to the keep case) is based upon Vermont Yankee's response to DPS 1-43 (keep case with operation through 2032) compared to Bruce Wiggett's Exhibit BW-10 (sell case).
- (4) Figures may not add exactly due to rounding.
- (5) For the license extension cases, the decommissioning funding adjustment is not applicable, since Vermont Yankee's own cost projection for this case has zero decommissioning cost collections in the keep case.

Annual Costs of VY, PPA Base Prices, and Market Price Forecasts
(Dollars per MWh)

	VY's Projection of VY Costs	PPA Base Prices	DPS 2001c Market Price Forecast	GMP Market Price Forecast	CVPS Market Price Forecast
2002	50.9	42.6	38.8	40.9	45.9
2003	42.8	42.0	36.3	39.2	43.0
2004	55.0	42.8	34.4	37.3	38.0
2005	56.1	39.5	37.7	38.2	39.1
2006	44.8	39.0	41.0	37.2	40.2
2007	57.0	40.0	44.3	37.1	41.3
2008	59.2	41.0	47.6	40.5	42.5
2009	49.4	42.0	50.9	41.4	43.7
2010	62.3	43.0	52.7	42.9	45.0
2011	60.3	44.0	54.6	45.7	46.5
2012	113.6	45.0	56.6	49.4	47.9

Sources:

- (1) Vermont Yankee costs are from Bruce Wiggett's Exhibit BW-9.
- (2) PPA Base Prices are from Bruce Wiggett's Exhibit BW-10, consistent with Schedule D of the PPA.
- (3) DPS market price forecast is from the testimony of David Lamont.
- (4) GMP market price forecast is calculated from figures in Nancy Brock's Exhibit__(NRB-2). It is based upon the February, 2011 LaCapra study, with adjustments for market changes (10%), ancillary services (3%), and ICAP (\$1.60/kW-month or \$2.19/MWh)

(5) CVPS market price forecast is from Stephen Page's Exhibit CVPS Page-6. The forecast is date November 2000.

Exhibit DPS-BEB-6

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Table of ICAP Value by Capacity Factor (\$/MWh)

Capacity Factor	65%	70%	75%	80%	85%	90%	95%			
\$/kW-mo										
\$0.60	\$1.26	\$1.17	\$1.10	\$1.03	\$0.97	\$0.91	\$0.87			
\$0.80	\$1.69	\$1.57	\$1.46	\$1.37	\$1.29	\$1.22	\$1.15			
\$1.00	\$2.11	\$1.96	\$1.83	\$1.71	\$1.61	\$1.52	\$1.44			
\$1.20	\$2.53	\$2.35	\$2.19	\$2.05	\$1.93	\$1.83	\$1.73			
\$1.40	\$2.95	\$2.74	\$2.56	\$2.40	\$2.26	\$2.13	\$2.02			
\$1.60	\$3.37	\$3.13	\$2.92	\$2.74	\$2.58	\$2.44	\$2.31			
\$1.80	\$3.79	\$3.52	\$3.29	\$3.08	\$2.90	\$2.74	\$2.60			
\$2.00	\$4.21	\$3.91	\$3.65	\$3.42	\$3.22	\$3.04	\$2.88			
\$2.20	\$4.64	\$4.31	\$4.02	\$3.77	\$3.55	\$3.35	\$3.17			
\$2.40	\$5.06	\$4.70	\$4.38	\$4.11	\$3.87	\$3.65	\$3.46			
\$2.60	\$5.48	\$5.09	\$4.75	\$4.45	\$4.19	\$3.96	\$3.75			
\$2.80	\$5.90	\$5.48	\$5.11	\$4.79	\$4.51	\$4.26	\$4.04			
\$3.00	\$6.32	\$5.87	\$5.48	\$5.14	\$4.83	\$4.57	\$4.33			
\$3.20	\$6.74	\$6.26	\$5.84	\$5.48	\$5.16	\$4.87	\$4.61			
\$3.40	\$7.17	\$6.65	\$6.21	\$5.82	\$5.48	\$5.18	\$4.90			
\$3.60	\$7.59	\$7.05	\$6.58	\$6.16	\$5.80	\$5.48	\$5.19			
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
PPA Base Price	\$42.00	\$42.80	\$39.50	\$39.00	\$40.00	\$41.00	\$42.00	\$43.00	\$44.00	\$45.00
LMA price	\$39.90	\$40.66	\$37.53	\$37.05	\$38.00	\$38.95	\$39.90	\$40.85	\$41.80	\$42.75
ICAP implied value	\$3.99	\$4.07	\$3.75	\$3.71	\$3.80	\$3.90	\$3.99	\$4.09	\$4.18	\$4.28